

Hearing Date: February 7, 2008
Hearing Time: 10:00 a.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO
PROOF OF CLAIM NUMBER 7992 (MOLEX CONNECTOR CORPORATION)**

("STATEMENT OF DISPUTED ISSUES – MOLEX CONNECTOR CORPORATION")

Delphi Corporation and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement Of Disputed Issues (the "Statement Of Disputed Issues") With Respect To Proof Of Claim Number 7992 filed by Molex Connector Corporation ("Molex") and respectfully represent as follows:

Background

1. On October 8 and 14, 2005 (the "Petition Date"), the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended, in the United States Bankruptcy Court for the Southern District of New York.

2. On June 14, 2006, Molex filed proof of claim number 7992 (the "Proof of Claim") against DAS LLC. The Proof of Claim asserts an unsecured non-priority claim in the amount of \$881,213.67 for the sale of goods (the "Claim").

3. On October 26, 2007, the Debtors objected to the Proof of Claim pursuant to the Debtors' Twenty-Second Omnibus Objection Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Duplicate Or Amended Claims, (B) Equity Claims, (C) Insufficiently Documented Claims, (D) Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims, And (F) Claims Subject to Modification, Tax Claims Subject To Modification, Modified Claims Asserting Reclamation, Claims Subject To Modification That Are Subject To Prior Orders, And Modified Claims Asserting Reclamation That Are Subject To Prior Orders (Docket No. 10738) (the "Twenty-Second Omnibus Claims Objection").

4. On November 21, 2007, Molex filed its Response Of Molex Connector Corporation To Debtors' Twenty-Second Omnibus Objection Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Duplicate Or Amended Claims, (B) Equity Claims,

(C) Insufficiently Documented Claims, (D) Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims, And (F) Claims Subject to Modification, Tax Claims Subject To Modification, Modified Claims Asserting Reclamation, Claims Subject To Modification That Are Subject To Prior Orders, And Modified Claims Asserting Reclamation That Are Subject To Prior Orders (Docket No. 11023) (the "Response").

Disputed Issues

A. DAS LLC Does Not Owe Molex The Amount Asserted In Proof Of Claim Number 7992

5. Molex asserts in the Proof of Claim that DAS LLC owes it a total of \$881,213.57 for goods sold. DAS LLC has reviewed the information attached to the Proof of Claim and the Response and disputes that it owes the amount asserted in the Proof of Claim because the claim does not account for debits taken by DAS LLC to recover costs for supplier nonperformance.

6. Debits For Cost Recovery. The entire amount asserted by Molex in the Proof of Claim is for debits taken by DAS LLC to recover costs for supplier nonperformance. The debits taken by DAS LLC include amounts of (a) \$10,941.30, \$11,151.25, and \$49,790.00 for supply disruptions, (b) \$11,642.00 and \$282,000.00¹ for parts that do not meet specifications, (c) \$152,680.00 for mismarked parts, (d) \$11,292.75 for the cost of manual sorting and reworking due to defective parts, (e) and \$50,462.50 for late deliveries. Accordingly, the Claim should be reduced by an amount of \$579,959.80.

7. After taking into account the above-referenced deductions to the Proof of Claim, the Debtors reconciled the Proof of Claim as illustrated in the following chart:

¹ This amount was negotiated down from \$583,253.57, although Molex now asserts the entire amount.

<u>Claimant's Asserted Amount</u>		\$881,213.67
<u>Modifications</u>	Debits for Cost Recovery	(\$579,959.80)
<u>Reconciled Amount</u>		\$301,253.87

8. DAS LLC does not dispute the remaining \$301,253.87 of the Claim, which reflects the amount that DAS LLC previously agreed to credit Molex as part of negotiations to recover costs for out-of-specification parts, and requests that the Claim be reduced to a general unsecured non-priority claim against DAS LLC in an amount not to exceed \$301,253.87.

Reservation Of Rights

9. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim and (b) the Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim.

WHEREFORE the Debtors respectfully request that this Court enter an order (a) reducing the Proof of Claim to a general unsecured non-priority claim against DAS LLC in an amount not to exceed \$301,253.87 and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York
December 12, 2007

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